

1411 Drake Avenue
Burlingame CA 94010

June 28, 2002

FAIR POLITICAL PRACTICES COMMISSION

428 J Street, Suite 620

Sacramento, CA 95814

3 Pages via fax 916-327-2026

Note: Please include in meeting packets for ALL commissioners.

Re: July 11 Meeting, Vote on Peninsula Hospital District Director Terilyn Hanko

Dear Members of the FPPC:

Since it is impossible for most members of the public – those you purportedly serve – to physically make the journey to Sacramento to speak in connection with issues involving conflict of interest, I am hoping that you will take the time to consider these written comments in the ongoing matter of Ms. Terilyn Hanko.

I was shocked to hear about the disparaging and prosecutorial treatment that Ms. Hanko received at your June meeting in reference to issues raised regarding a potential conflict of interest on the Peninsula Hospital District Board of Directors. With some commissioners, there seemed to be an impression that Ms. Hanko was an anointed sympathizer of health care giant Sutter Health, which has the management contract to run Mills-Peninsula Hospital in Burlingame.

Nothing could be further from the truth. And where did you get that impression? From some lobbyists in Sacramento who were planting disinformation hoping to make sure that she is disqualified from voting on a proposed \$350 million new hospital?

I am constantly amazed at how many ways special interests find to exert influence on the FPPC – and how often they succeed. And I am appalled at how little the commission and staff actually listen to public advocates who are the watchdogs of their local government bodies. We have no advance notice of meetings (posting on the Internet is not adequate), and for any of us to speak on an issue, we are obliged to take a day off from our businesses and travel to Sacramento. Failing that, you often make decisions without having the full story.

This is clearly the Achilles heel of the FPPC: You conduct no local fact-finding in advance of a decision. You rely on staff attorneys' reports that often seem to be based on obtuse theories resembling law school exercises, or on hypothetical questions that are raised by public officials as smokescreens to hide misconduct. That system makes it too easy to be distracted from the substance of an issue and the impact on the public. I can give you chapter and verse on how the Commission

and its staff can be deceived, and this is a disservice to the people of California who rely on your good judgment.

Relevant in the matter of Terilyn Hanko and the issues she faces are these facts:

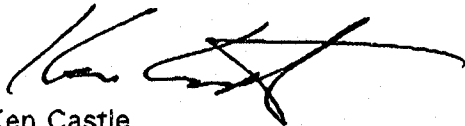
- Sutter Health is pressing hard for a deal with the district that would basically have 22 acres of publicly-owned district land surrendered to this company for a lease of \$1 (that's right, ONE dollar) in exchange for a \$350 million hospital to replace the existing, seismically-challenged facility.
- It is clear that Sutter does not intend to serve all of the taxpayers of the district, only those covered under Sutter-approved medical plans, and by doctors who are members of a Sutter-approved group who will be allowed to practice in the new facilities. In my view, and in the view of many of my neighbors, this translates into a private company leveraging public land to administer policies that will be exclusionary.
- Originally, the arrangement being discussed between the publicly-elected hospital district board and Sutter Health was for the latter to build a replacement hospital on a small percentage of the district's 28-acre site on El Camino Real and Trousdale Avenue in Burlingame. Now, however, emboldened by the notion that the FPPC might neutralize a voice of the public by removing Ms. Hanko from a vote on any lease agreement, Sutter Health has brazenly expanded its "plan" to gain control of not just a few acres, but of 22 acres – in other words, most of the site. This constitutes an attempted land grab of epic proportions. Sutter Health is less interested in building a new hospital than in acquiring a large chunk of valuable real estate. Once the land is surrendered, Sutter Health will undoubtedly build a high-rise medical building – a goal that it has espoused for the last year – and the public will be left with -- \$1.
- The issue is simple: While we would like to see a new hospital that serves ALL of the district's taxpayers, not just a chosen few, we do not want to see a private company use public land for speculative real estate ventures without appropriate compensation to the taxpayers. Although Sutter Health trumpets its non-profit status, we understand that there are for-profit components of the company. (Is Sutter's accountant and auditor Arthur Andersen & Co., the "creative" bookkeepers? That's what I'm told.)
- Regarding district board member Ms. Hanko, be advised that a grassroots organization of citizens elected her as a public advocate and watchdog, along with Dr. Tobin Schneider. Her conduct during meetings, as well as her interviews with local news media, have consistently reflected her desire to protect the public's interest going forward in the negotiations with Sutter Health. Ms. Hanko and Dr. Schneider are clearly anxious to prevent a land grab by Sutter, but two other members of the five-member board seem to be squarely in the Sutter camp. The fifth, chairman Vince Muzzi, has recused

himself because of a direct conflict of interest from property he owns near the hospital. So you see, at this moment, the board is deadlocked.

- If Ms. Hanko is disqualified by your commission, it will tip the balance of power to the Sutter side, and this would not be in the interests of the public. If a lobbyist in Sacramento has planted the seed with some commissioners or the FPPC staff that Ms. Hanko is Sutter's best friend, this is a clever gambit. Sutter's greatest desire is not to have her vote. But by endorsing her, they're counting on a negative reaction from the Commission, which would certainly play into Sutter's game plan. I urge you not to be fooled by this stratagem of reverse psychology. Vote against Ms. Hanko, and Sutter's minions will be doing high-fives, congratulating themselves on how they pulled the wool over the FPPC's eyes.
- The circumstances by which issues were raised over Ms. Hanko and Dr. Schneider and their potential voting "conflicts" are peculiar and seem to have been orchestrated to undermine their oversight on this \$350 million deal. This is the way that power politics are played by special interests here in San Mateo County. Strangely enough, the FPPC has not looked into the financial dealings of other board members, including one, a retired Peninsula Hospital doctor, who may have an issue over pension payments from the hospital. Thus far, he has not recused *himself* from voting and no FPPC inquiry has been launched regarding *his* status.
- Frankly, in my view, the so-called "issue" over Ms. Hanko's commissions from her pharmaceutical company is such a stretch that it threatens to undercut public confidence in the FPPC in general. But it seems to me that from the tone of comments during your June meeting, some commissioners were less concerned with the so-called "facts" of her finances than with what some of you thought was a chummy relationship with Sutter.

I encourage you to vote in favor of allowing Ms. Hanko to fulfill the mission that she accepted from her constituents -- namely, to protect the public's interest. Do not be fooled by disinformation. Please listen to the public on this matter.

Sincerely,



Ken Castle

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(For the record: I am not engaged in the medical profession in any way and I do not hold, nor have I ever held, public office.)